

Message Text

SECRET

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43

ACTION ARA-08

INFO OCT-01 SS-14 ADP-00 IO-03 NSC-10 NSCE-00 CIAE-00

INR-10 NSAE-00 RSC-01 L-02 PM-03 DODE-00 RSR-01 /053 W

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R 051159 Z APR 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 7104

INFO GOV PANCANAL

USCINCSO

S E C R E T PANAMA 1894

LIMDIS

E. O. 11652: XGDS

TAGS: PFOR PN

SUBJ: NSC PANAMA REVIEW

REF: A. PANAMA A-45, FEB. 26, 1973

B. PANAMA A-43, FEB. 22, 1973

1. WE UNDERSTAND THE NSC UNDER SECRETARIES' COMMITTEE WILL SOON BE REVIEWING U. S. POLICY TOWARD PANAMA, WITH SPECIAL EMPHASIS ON THE CANAL TREATY NEGOTIATIONS. THE EMBASSY HAS REVIEWED THE OPTIONS AND POLICY RECOMMENDATIONS IT PRESENTED IN THE NSC DOCUMENT " COUNTRY ANALYSIS AND STRATEGY PAPER-- PANAMA FY 74-75" (REF. A).

2. U. S.- PANAMANIAN RELATIONS AFTER THE HOLDING OF SC MEETING ARE WHERE WE ESTIMATED THAT THEY WOULD BE IN THE CASP: " WITH THE U. S. AND PANAMA UNABLE TO COME TO TERMS ON THE TREATY, THERE WILL BE CONTINUAL PRESSURE ON U. S. AND DANGER OF FRUSTRATION REACHING POINT OF ERUPTION. THIS WILL TAKE FROM OF: DENUNCIATION OF U. S. IN WORLD FORUMS; CONTINUING INCIDENTS OF LACK OF COOPERATION BY GOP WITH U. S.; CLOSER TIES WITH COMMUNIST NATIONS; AND COULD ALSO INCLUDE UNILATERAL DENUNCIATION OF TREATY ; RIOTS AGAINST CANAL ZONE OR ORGANIZED INCURSION INTO THE ZONE, INCLUDING OCCUPATION OF FACILITIES.: (CASP PAGE 16)

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3. WE CONCLUDE THE OPTIONS AND RECOMMENDATIONS WOULD BE AS WE PRESENTED THEM IN THE CASP DISCUSSION OF ISSUE NO 1 ON PAGES 7 & 8 OF THAT DOCUMENT.

4. THE ONLY WAY, IN OUR OPINION, TO DEVELOP MORE OPTIONS IS TO REMOVE A PRIMARY ASSUMPTION ON WHICH ISSUE NO 1 WAS BASED, NAMELY THAT THE U. S. WILL NOT SUBSTANTIALLY ALTER ITS NEGOTIATING POSITION. IF THAT ASSUMPTION WERE TO CHANGE, IT WOULD OF COURSE BE POSSIBLE TO PREPARE ANOTHER OPTION BASED ON THE REVISION OF OUR POSITION.

5. RETAINING THE PRESENT U. S. NEGOTIATING POSITION, WE BELIEVE THE MOST ADVISABLE COURSE OF ACTION IS TO PROCEED WITH IMPLEMENTATION OF THE RECOMMENDATION ON THE CASP ISSUE NO. 1. THIS RECOMMENDATION IS THAT WE CONTINUE TREATY NEGOTIATIONS BUT MAKE OUR PRIMARY EFFORT THE ACHIEVEMENT OF SUBSTANTIAL CHANGE IN OUR RELATIONSHIP PURSUANT TO A NATIONAL SECURITY COUNCIL DECISION MEMORANDUM. A BASIS STEP WOULD BE TO SEEK LEGISLATION IN FY 73 AUTHORIZING THE PRESIDENT TO CONCLUDE AN AGREEMENT WITH PANAMA TO ELIMINATE PARTIALLY THE U. S. EXERCISE OF EXTRATERRITORIALITY BY RELINQUISHING U. S. JURISDICTION OVER PANAMANIAN INDIVIDUALS AND PANAMANIAN GOVERNMENT ACTIVITY AND PRIVATE BUSINESS AND ORGANIZATIONAL ACTIVITIES IN THE CANAL ZONE. OTHER STEPS SHOULD BE TAKEN ON A CONTINUING BASIS. SUCH STEPS COULD ENCOMPASS MANY OF THE ELEMENTS IN OUR EXISTING TREATY POSITION BUT NOT THE KEY POINTS OF PERPETUITY OF OUR RIGHT UNDER THE 1903 CONVENTION AND COMPLETE JURISDICTION IN THE CANAL ZONE WHICH ARE THE BARGAINING COUNTER FOR A SEA-LEVEL CANAL IF WE WANT ONE. IT WILL BE POSSIBLE TO DEVELOP OTHER STEPS WE CAN TAKE TO CONTRIBUTE TO A MORE HARMONIOUS RELATIONSHIP ONCE WE MAKE THE BASIC DECISION TO PURSUE THIS COURSE.

6. THIS CABLE HAS BEEN REVIEWED AND APPROVED BY THE COUNTRY TEAM.
SAYRE

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*** Current Handling Restrictions *** LIMDIS

*** Current Classification *** SECRET

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 05 APR 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PANAMA01894
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730434/aaaahrdj.tel
Line Count: 104
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: 73 PANAMA A-45, 73 PANAMA A-43
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by collinp0>; APPROVED <22 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971201
Subject: NSC PANAMA REVIEW
TAGS: PFOR, PN
To: ARA
GOV PANCANAL
SECSTATE WASHDC
USCINCSO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005